



**Purchasing Service Agreement
CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.: 39
AGENDA DATE: Thu 09/29/2005
PAGE: 1 of 2**

SUBJECT: Authorize execution of a 12-month revenue producing service agreement with SOLOMON CORPORATION, Solomon, KS for sale and disposal of obsolete transformers in an amount not to exceed \$180,876.15, with three 12-month extension options in an amount not to exceed \$180,876.15 per extension option, for a total agreement amount not to exceed \$723,504.60.

AMOUNT & SOURCE OF FUNDING: N/A

FISCAL NOTE: There is no unanticipated fiscal impact. A fiscal note is not required.

REQUESTING Purchasing **DIRECTOR'S**
DEPARTMENT:for Austin Energy; **AUTHORIZATION:** Vickie Schubert

FOR MORE INFORMATION CONTACT: Dolores Castillo, Senior Buyer/322-6466

PRIOR COUNCIL ACTION: N/A

BOARD AND COMMISSION ACTION: N/A

PURCHASING: High bid of two bids received.

MBE / WBE: This contract will be awarded in compliance with Chapter 2-9 of the City Code (Minority-Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.

This contract is for the sale of scrap single phase and power transformers and disposal of potential transformers, current transformers and circuit breaker, and transformer bushings. Austin Energy (AE) routinely removes and replaces transformers from its distribution service area due to storm damage, leaks or other malfunctions. Under a separate contract, repairable transformers are refurbished. Transformers whose age and condition make them no longer viable are sold for scrap. The design of current and potential transformers requires a significant amount of labor to recover any scrap value; therefore, disposal costs are incurred.

Quantities are provided for bid purposes only and there is no guarantee of quantity. Bid prices were based on the published American Metals Market (AMM) quote for the price of number 1 scrap copper. The contract price will change quarterly based on the fluctuation of the AMM price of number 1 scrap copper. The total bid price was obtained by subtracting total disposal costs from total revenue. The contract will be awarded to the bidder whose bid results provide the highest total return to the City.

MBE/WBE Solicited: 0/0

MBE/WBE Bid: 0/0



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**BID TABULATION
IFB # DC05300018
(Total of 66,255 KVA & 9600 LBS)**

<u>Vendor</u>	<u>Scrap Single Phase Transformers (all voltages) Scrap Power Transformers</u>	<u>Less Cost for Disposal of Potential & Current Transformers, Circuit Breakers & Bushings</u>	<u>Total Bid</u>
SOLOMON CORP. SOLOMON, KS	\$180,876.15	No Charge	\$180,876.15
Alamo Transformers San Antonio, TX	\$99,382.00	\$1,440.00	\$97,942.00

A complete bid tabulation is available in the Purchasing Office

PRICE ANALYSIS

- Adequate competition.
- Thirteen notices were sent. There are no known MBE/WBEs for this commodity code. Two solicitations were issued. Two bids were received.
- The pricing offered represents an approximate 26% increase from the last contract awarded August 2001. This increase can be attributed to the higher price for copper materials.

APPROVAL JUSTIFICATION

- High bid.
- Austin Energy concurs with the recommended award.
- Advertised on the Internet.